Supreme Court, U.S.
FILED
JAN 5 2001
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JAN 5 2001

No. 00-201

In the

Supreme Court of the United States

THE NEW YORK TIMES COMPANY, INC.; NEWSDAY, INC.; THE TIME INCORPORATED MAGAZINE COMPANY; LEXIS/NEXIS and UNIVERSITY MICROFILMS INTERNATIONAL,

Petitioners,

vs.

JONATHAN TASINI; MARY KAY BLAKELY; BARBARA GARSON; MARGOT MIFFLIN; SONIA JAFFE ROBBINS snd DAVID WHITFORD,

Respondents.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BRIEF FOR *AMICUS CURIAE* AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY

AMERICAN INTELLECTUAL
PROPERTY LAW ASSOCIATION

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INTEREST OF THE AMICUS CURIAE[1]

The American Intellectual Property Law Association ("AIPLA") is a national association of approximately 10,000 members who are primarily attorneys with interests and practices in the areas of patent, copyright, trademark, trade secret, and other intellectual property law. AIPLA attorneys are employed by private law firms, corporations, universities, and governments, and represent owners, inventors, authors, publishers and users of intellectual property. Unlike many other areas of practice in which separate and distinct plaintiffs' and defendants' bars exist, most, if not all, intellectual property law attorneys represent intellectual property creators, owners and alleged infringers.

The AIPLA has no stake in the parties to this litigation or the outcome of this case, other than its interest in seeking correct and consistent interpretation of the law relating to intellectual property.

SUMMARY OF THE ARGUMENT

The AIPLA agrees with the lower courts, in one important aspect: that this is a case of first impression. However, the AIPLA believes that the Copyright Act and the policy underlying the Act provide guidance as to the proper resolution of this matter. The AIPLA herein addresses that policy, as well as interpretation of the term "revision."

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[1] Pursuant to Rule 37.3, the parties have consented to the filing of this brief. Their letters of consent have been filed with the Clerk of the Court.

Pursuant to Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* or its counsel.

It is the position of the AIPLA that mere conversion of a collective work from one medium to another is a reproduction that is within the rights of a publisher under Section 201(c) of the Copyright Act. However, such a conversion is not a permitted "revision" if each separate contribution is stripped from the collective work.

Because this interpretation may significantly alter industry practice, it is the position of the AIPLA that any requested relief should be granted prospectively only and should not include injunctive relief.

ARGUMENT[2]

I. FACTORS TO BE CONSIDERED UNDER THE COPYRIGHT ACT

The Copyright Act is unique in that it was substantially the product of negotiations between publishers and authors. Congress enacted the resultant proposals, with little change. The publishers negotiated to obtain broad rights in copyrighted works through contract and through automatic transfer of the copyright to the publisher under the work for hire provisions in the Act.

A. Copyright Policy Considerations Demand That the Interests of the Public and the Interests of Authors Be Considered.

The Constitution grants to Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the

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[2] Counsel of Record give special thanks to the following people, who also gave a great deal of time and effort in the preparation of this brief: Gregory A. Sebald, Jon R. Trembath, Gregory C. Golla, Matt Doscotch and Robert A. Kalinsky, all of Merchant & Gould P.C.

exclusive Right to their respective Writings and Discoveries." U.S. Const., Art. I, Section 8, cl. 8. Congress has created limited monopoly rights in various works in the Copyright Act, 17 U.S.C. § 101 *et seq.*

This Court has "often recognized [the fact that] the monopoly privileges that Congress has authorized, while 'intended to motivate the creative activity of authors and inventors by the provision of a special reward,' are limited in nature and must ultimately serve the public good." *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 526 (1994) (quoting *Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984)). This Court has discussed the policies underlying the 1909 Copyright Act:

> The limited scope of the copyright holder's statutory monopoly . . . reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts. The immediate effect of our copyright law is to secure a fair return for an "author's" creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good.

Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975) (footnotes omitted).

B. The 1976 Act Was Carefully Negotiated By Competing Interests.

The 1976 Copyright Act was the product of years of negotiation between publishers and authors. As stated by this Court, the 1976 Copyright Act, "which almost completely

revised existing copyright law, was the product of two decades of negotiation by representatives of creators and copyright-using industries, supervised by the Copyright Office and, to a lesser extent, by Congress." *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 743 (1989); *see also* Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L.Rev. 857, 862 (1987). Strict adherence to the language and structure of the Act is particularly appropriate where, as here, a statute is the result of a series of carefully crafted compromises. *See Rodriguez v. Compass Shipping Co.*, 451 U.S. 596, 617 (1981); *United States v. Sisson*, 399 U.S. 267, 291, 298 (1970). Further, strict adherence to the language and structure of the Act serves to more clearly define the rights of the parties and owners of copyrighted works. As stated by this Court, "because copyright law ultimately serves the purpose of enriching the general public through access to creative works, it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible." *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 527 (1994).

C. The Copyright Act Provides That Although Authors Initially Own the Copyright in Their Works, These Rights May Be Transferred.

1. Authors May Contractually Transfer Their Rights to Publishers.

The Copyright Act carefully delineates the ownership rights in works covered under the Act. Section 201 of the Copyright Act provides that the ownership of the copyright initially vests with the author of the work. 17 U.S.C. § 201(a). However, the Act provides that authors may transfer these rights through contract. Section 201 of the Act provides:

Transfer of Ownership.

> (1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.
> (2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d).

The Copyright Act thus expressly provides for the transfer of ownership in copyright by the author to a publisher or buyer of the work. However, except in the case of works made for hire, this transfer of rights is subject to termination. 17 U.S.C. § 203.

2. Publishers May Obtain Broad Rights Through the Work Made for Hire Provisions of the Copyright Act.

Publishers negotiated an exception to the termination rights of the authors. This exception is found in the rights of the employer or buyer of a work made for hire. Section 201 of the Act also provides for works made for hire:

> *Works made for hire.*-In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have

> expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.

17 U.S.C. § 201(b). Works made for hire are defined in Section 101 as:

> (1) a work prepared by an employee within the scope of his or her employment; or
> (2) a work specially ordered or commissioned for use as a contribution to a collective work, . . . , [or] as a compilation, . . . , if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

17 U.S.C. § 101.

The "work for hire" provisions of the Act are important because they provide a method for publishers to be deemed the "author" and thus obtain all rights of copyright in a work. The Act specifically contemplates that publishers may be deemed "authors" of works used in collective works if certain conditions are met.

This Court has previously examined the relationship between authors and publishers by construing the "work for hire" provisions of the Copyright Act. In 1965, the competing interests of authors and publishers reached an historic compromise with the enactment of a "work for hire" statute that, with slight modification, became a part of section 101 of the 1976 Act. *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 746 (1989). The historic compromise involved concessions from publishers on provisions relating to the termination of transfer rights, now Section 203, and the author's consent to a second subsection which classified four categories of commissioned works as works for hire if the parties expressly so agreed in writing. *Reid*, 490 U.S. at 746.

A contribution to a collective work, such as the collective works involved in this case, may be a "work for hire."

In *Reid*, the publishers argued that an employment relationship exists if the hiring party has a right to control or supervise the artist's work. *Reid*, 490 U.S. at 748-49. In *Reid*, this Court indicated that the publishers' expansive construction of the work for hire provisions would impede Congress' paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership. The Court focused on the parties' ability to contract as to who owns the copyright, finding that "[i]n a 'copyright marketplace,' the parties negotiate with an expectation that one of them will own the copyright in the completed work." *Reid*, 490 U.S. at 749-50 (quoting *Dumas v. Gommerman*, 865 F.2d 1093, 1104-05 n.18 (9th Cir. 1989)). With that expectation, the parties at the outset can settle on relevant contractual terms, such as the price for the work and the ownership of reproduction rights. *Reid*, 490 U.S. at 750. In *Reid*, the Court made clear that it would not search for a tortured reading of the Copyright Statute to protect either publishers or authors, as either party could negotiate and contract to obtain rights of Copyright. Similarly, in this case, the Court should not search for a tortured reading of the Copyright Statute, as the Statute provides a straightforward mechanism for negotiating copyright ownership of works embodied in a collective work.

3. Derivative Works Do Not Extinguish Prior Rights in the Copyrighted Work.

The Court has consistently protected the holder of the copyright interest in the work unless an exception to the statutory protection exists. In *Stewart v. Abend*, 495 U.S. 207, 230 (1990), the Court rejected the argument that the creation of a derivative work extinguishes the rights of the owner of the original work during the renewal term. The

Court concluded that to hold otherwise would be "contrary to the axiomatic copyright principle that a person may exploit only such copyrighted literary material as he either owns or is licensed to use." *Id.* at 223. The Court stated that:

> So long as the pre-existing work remains out of the public domain, its use is infringing if one who employs the work does not have a valid license or assignment for use of the pre-existing work. It is irrelevant whether the pre-existing work is inseparably intertwined with the derivative work.

Id. at 223 (citations omitted). In *Stewart*, the Court indicated that it would not be swayed by arguments that authors would be able to make exorbitant demands for the republication of derivative works and that these works would no longer be available during the reversion period, indicating that these arguments were better addressed by Congress than the Court. *Id.* at 228.

D. Collective Works are Entitled to Protection as a Compilation But Protection Does Not Extend to the Underlying Works in the Compilation.

The Copyright Act provides for protection of compilations and derivative works in Section 103. The Act defines a compilation as follows:

> A "compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term "compilation" includes collective works.

17 U.S.C. § 101.

It is important to note that this definition explicitly provides that collective works are a subset of compilations. "A 'collective work' is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole." *Id.* The collective work copyright includes the elements of compilation and editing that went into the selection of the works for the collection. H. Rep. No. 94-1476, at 122 (1976).

Section 103(a) states that copyrightable subject matter includes compilations and derivative works. 17 U.S.C. § 103(a). The Act further provides in Section 103(b):

> (b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Thus, the Act specifically provides for a limited Copyright in a compilation extending only to the contribution resulting from arranging the compilation. The Act explicitly provides that the right to copyright in the compilation does not extend to the underlying works in the compilation. In this regard, each underlying work in the compilation retains its initial copyright status. The protection the Copyright Act affords these works only extends to the material the author contributes to the compilation or derivative work. *Id.* The author's protection does not extend to preexisting material.

II. A "REVISION" UNDER SECTION 201(C) DOES NOT PERMIT LICENSING OF CONTRIBUTIONS TO COLLECTIVE WORKS FOR REPRODUCTION OR DISTRIBUTION IN ELECTRONIC DATABASES

A. Absent a Written Agreement to the Contrary, Copyright Ownership in Contributions to Collective Works Remain With the Authors, But the Owner of the Collective Work May Use the Contributions in Three Circumstances.

Section 201 defines ownership of copyright. Ownership initially vests in the author of the work. 17 U.S.C. § 201(a). Section 201 separately establishes and reaffirms that each contribution to a collective work has distinct copyright ownership that is separate from the copyright in the collective work as a whole. 17 U.S.C. § 201(c). Copyright ownership vests initially in the author of the individual contribution to the collective work, but also vests to the original work created by the one assembling and arranging the contributions.

In its second sentence, section 201(c) enumerates privileges extended to the creator of the collective work.

> In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.

17 U.S.C. § 201(c). As the plain language of the statute shows, the privileges only include the "reproduction and distribution" of the contribution in the three listed circumstances. *Id.*

B. Permissible Revisions of Collective Works Under Section 201(c).

Unfortunately, the statute fails to define "revision" and Congress has only used the word in one other context in the copyright laws.

When a statute does not provide a definition for a term, the court should give the word or words used their ordinary meaning. *Smith v. United States*, 508 U.S. 223, 228 (1993). This is especially appropriate when interpreting the Copyright Act. *Reid*, 490 U.S. at 739 (because the Copyright Act was the subject of much negotiation between publishers and authors, using the plain meaning of undefined words in the Act is favored). As in *Reid*, this Court should use the ordinary meaning of the words used in the Act. *Id.*

Merriam-Webster's Collegiate Dictionary defines a revision as: "an amended, improved, or up-to-date version of a work." Merriam-Webster's Collegiate Dictionary (10th ed. 1995).

A derivative work is separate copyrightable subject matter under the Act and is treated separately under the Act. When defining derivative works, Congress included "editorial revisions" that as a whole constitute original copyrightable works. 17 U.S.C. § 101. This section sheds little light on the definition of "revision," as it allows for, but does not require, a revision to involve changes substantial enough to constitute an original copyrightable work.

Section 201's legislative history provides additional guidance to the question of what is a permissible revision under the statute. In part, the legislative history states that:

> Under the language of this clause a publishing company could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a

> 1990 revision of it; the publisher could not revise the contribution itself or include it in a new anthology or an entirely different magazine or other collective work.

H. Rep. No. 94-1476, at 122-123 (1976).

Section 201(c), coupled with section 404 of the copyright laws, preserves an author's copyright in the contribution to a collective work. Absent an express transfer of rights, as a basic presumption, the initial author retains copyright in the contribution to the collective work. In this situation, it is also presumed that the author of the collective work acquires the privileges enumerated in section 201(c). Congress recognized the competing interests involved in the 1976 copyright revisions in stating that "[t]he basic presumption of 201(c) . . . is fully consistent with present law and practice, and represents a fair balancing of equities." H. Rep. No. 94-1476, at 122 (1976).

The inquiry in this case is on the nature of the work that is created from the original collective work and whether or not that new work is a permissible revision or a work that falls outside the "revision" safe harbor of section 201(c). Thus, if the work created from the original collective work is an improved and up-to-date version of the original collective work, or if a portion of the original work is reproduced in a later version of the same collective work, the work is a permissible "revision" under section 201(c). If the work created from the original collective work is in the nature of a new anthology, an entirely different magazine or a different collective work, it is not a permissible "revision" under section 201(c).

C. Determinations of Permissible and Impermissible Revisions Under Section 201(c) Require Comparison of the Original Collective Work and the Allegedly Privileged Work.

Four scenarios provide a range of relevant situations to this case and for future cases regarding publishers', such as newspaper publishers', use of a freelance author's contributions to collective works. These scenarios are: (1) using the contribution in the original publication of the newspaper, (2) electronically scanning the newspaper in which the contribution appears in its entirety, (3) publishing the contribution as part of a collective work on its own Internet website, and (4) licensing articles removed from the collective work to be published on a searchable electronic database accessible on CD-ROM or through the Internet.

The first of these situations is clearly within the section 201(c) privilege of reproducing and distributing the contribution as part of that particular collective work.

The second category also falls under the 201(c) privilege in that although the media type has changed, the original collective work has retained all of its aspects of originality, such as the selection and layout of the articles contained therein. The essence of a copyrightable collective work, such as a newspaper, is the layout and coordination of the articles as well as the selection of those articles. Scanning an original copy of the newspaper into an image retains all of the copyrightable addition the publisher made to the work.

As to category three, the line between acceptable and unacceptable reproduction or distribution under section 201(c) is not so clear. Often publishers include archive retrieval databases on Internet sites that permit a user to access articles in the same way as a NEXIS database. This use of the contribution may be beyond section 201(c)'s privileges.

On the other hand, typical publisher Internet sites include recent issues of the periodical or magazine that include individual contributions set in a different format with different advertising, but still retaining the collective characteristics of the original work in that the works are still collected together and accessible from a single collective body. Therefore, publishers' Internet websites that provide the original collection of works in one locale with the individual contributions retained in the context of one another are at a minimum later collective works in the same series.

The fourth category describes works that are not permissible revisions under section 201(c). In removing the article from the rest of the collective work to be individually accessed in a database, the article standing alone no longer includes the copyrightable subject matter for a collective work. The article does not retain the characteristics of being a work formed from a number of contributions that are selected, coordinated, or arranged to constitute an original work. Even when submitted to a company, such as NEXIS, with all the articles from a particular issue, the submission no longer includes the copyrightable material from the original publication. Licensing the articles to a database company in this manner allows a publisher to improperly extend its privilege to the pre-existing work, which section 201(c) clearly prohibits. This use of the individual contribution extends beyond the scope of the section 201(c) privilege. This is not a later edition or issue of the collective work.

Although the individual contributions may be part of a larger collection of works in, for example, a NEXIS database, this collection may be viewed as a non-privileged new anthology or other collective work. Documents within the database can be obtained through a search engine that retrieves one or more works at a time without the surrounding articles or layout that made the original collective work copyrightable. The privilege of reproduction and distribution granted to publishers does not extend this far. *See Ryan v.*

CARL Corp., 23 F. Supp. 2d 1146 (N.D. Cal. 1998)(refusing to extend the section 201(c) privilege to the sale of photocopies of individual contributions that had first appeared in a publisher's "collective work"). Therefore, publishers should be precluded from licensing collective work contributions to database companies, electronic or otherwise, in which the company provides articles upon request outside of the context of the original publication of the collective work.

This interpretation applies the plain meaning of "revision." It is consistent with the legislative history of the Act. It also respects the Act's balance of authors' and publishers' interests. Publishers may negotiate for authorship rights to individual contributions to a collective work by satisfying the requirements for a "work for hire," if such rights are needed to justify the publisher's investment in the collective work. Such a negotiation gives publishers unfettered control of a contribution to a collective work regardless of what new media may arise which create new markets for the work. To give this right to publishers absent a contract upsets the delicate balance of original and negotiable rights created by the Copyright Act.

D. Section 201 is a Media Neutral Statute.

There are many different types of media that can be used for the dissemination of copyrighted works. The mere fact that a work is fixed from one medium to another does not necessarily mean that the work is a "revision" or even a separately copyrightable work. Congress' intent on this issue is evidenced in defining copyrightable subject matter as "original works of authorship fixed in any tangible medium of expression, now known or later developed." 17 U.S.C. § 102. *See* H. Rep. No. 94-1476, at 52 (1976).

In examining the language of section 201(c), the words are media neutral and do not delineate what media are

acceptable. In fact, section 201(c)'s legislative history explains several unacceptable revisions, such as attempts to revise the contribution itself, or including the article in "a new anthology or an entirely different magazine or other collective work." H. Rep. No. 94-1476, at 122-23 (1976). These examples do not limit or constrain the media type, but focus on the nature of the collective work in its revised form.

Further, the decisions of this Court and federal court of appeals decisions also support a media neutral approach to applying section 201(c). *See Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 432 (1984)(*citing Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975)); *WGN Continental Broadcasting Co. v. United Video*, 693 F.2d 622, 627-28 (7th Cir. 1982). Thus, conversion of a collective work from one medium to another, without changing the content, falls within "the privilege of reproducing and distributing the contribution as part of that particular collective work . . . ." 17 U.S.C. § 102(c).

III. ANY RELIEF GRANTED TO PLAINTIFFS SHOULD BE APPLIED ONLY PROSPECTIVELY TO FUTURE ACTS OF INFRINGEMENT.

The Supreme Court in *Chevron Oil Co. v. Huson*, 404 U.S. 97 (1971), first addressed the possibility of applying a judgment prospectively in the civil context. In *Chevron Oil*, this Court identified three factors to examine when determining whether a judgment should be applied solely prospectively. These factors are:

1. examining whether the decision establishes a new principle of law, either by overruling clear precedent or deciding an issue of first impression;
2. weighing the merits and demerits by examining the history of the law, the purpose and effect of the law,

and whether prospective application would further or retard the purpose of the law; and

3. weighing the inequity imposed through retroactive application.

Id. at 106-07. In affirming the Fifth Circuit decision for the plaintiff, the Court examined the three factors and determined that, although the Louisiana state statute of limitations did bar a personal injury claim, that judgment would only be applied prospectively.

Supreme Court cases subsequent to *Chevron Oil* have further limited the prospective application doctrine, but these limitations address situations where a lower court, subsequent to a Supreme Court interpretation of the law, has decided to apply that Supreme Court interpretation only prospectively. *See, e.g., Reynoldsville Casket Co. v. Hyde*, 514 U.S. 749, 752 (1995) (noting that when the Supreme Court decides a case and applies a new legal rule to the parties before it, other courts must then treat the rule as retroactive and apply it to all other pending cases whether or not those cases involved pre-decision events).

In the instant case, the Court has before it an issue of first impression, and the two remaining factors identified in *Chevron Oil* favor applying any judgment of infringement solely prospectively for future acts of infringement.

A. The Question of Whether the Act of Depositing an Article Into an Electronic Database is a Protected Revision of a Collective Work Under §201(c) is an Issue of First Impression.

In *Chevron Oil*, the first factor the Court examined when determining whether or not to apply its decision prospectively was whether the decision would establish a new principle of law, either by overruling precedent or deciding an issue of first impression. *Chevron Oil*, 404 U.S. at 107. In *Northern*

Pipeline Co. v. Marathon Pipe Line Co., 458 U.S. 50, 87 (1982), the Court noted that the issue before it, the grant of judicial power to a non-Article III bankruptcy judge, presented an unprecedented question of the interpretation of Article III. *See also Allen v. State Board of Elections*, 393 U.S. 544, 571-572 (1969) (noting that issues relating to the coverage of § 5 of the Voting Rights Act of 1965 involved complex issues of first impression subject to rational disagreement).

In the instant case, it is clear that the issue of the privileges granted to publishers under § 201(c) is a question of first impression. *See Tasini v. The New York Times Co.*, 972 F. Supp. 804, 812 (S.D.N.Y. 1997) ("there is virtually no case law parsing the terms of §201(c) and certainly no precedent elucidating the relationship between that provision and modern electronic technologies").

This Court has not determined the scope of the privileges granted under § 201(c) to publishers. Further, the arguments provided on both sides of the case, as well as the diametrically opposing positions taken by the lower courts in this matter, illustrate that the issue is subject to rational disagreement. Therefore, the first factor under *Chevron Oil* weighs in support of prospective application of any judgment of infringement.

B. The Prior History of § 201(c), its Purpose and Effect, and its Operation Would Not Be Furthered Through Retroactive Application of Any Judgment of Infringement.

The Court in *Chevron Oil*, in examining the second enumerated factor, found that the primary purpose underlying the Act at issue in *Chevron Oil* was to aid injured employees, and that applying a statute of limitations barring recovery by an employee would not further the goal of the act. *Chevron Oil*, 404 U.S. at 107-08. Further, in *American Trucking*

Associations, Inc. v. Smith, 496 U.S. 167, 180-81 (1990), the Court determined that the purpose of the Commerce Clause did not require retroactive application of prior precedent, because application would not tend to deter the states from further Commerce Clause violations.

The district court in the present case examined the main impetus behind the legislature in enacting § 201(c) in the 1976 Copyright Act. *See Tasini*, 972 F. Supp. at 812-21. The district court found that the 1976 act functioned to avoid the unfairness inherent in indivisible rights under copyright law, as well as protecting authors' rights in the individual work, while permitting publishers broad discretion in revising their collective works. *Id.* at 815 and 819-20. The application of prospective relief would not violate legislative intent. Any judgment defining the rights in collective works and revisions of collective works could be applied prospectively and still protect authors' rights in their individual works while allowing publishers to make authorized revisions to their collective works.

The purpose of section 201(c) would not be retarded by prospective application of any judgment of infringement by the Court. Future liability for infringement will adequately deter publishers from future infringement. Retroactive application of the new interpretation of section 201(c) could thwart one of the primary Constitutional purposes of the Copyright Act—the promotion of science and the useful arts. Retroactive application of the rule could disrupt public access to existing databases that are widely used to promote science and the useful arts. Therefore the second factor enumerated in *Chevron Oil* supports the application of the court's judgment only prospectively.

C. The Retroactive Application of the Court's Judgment Would Impose Great Inequity Upon the Publishers.

In the final factor enumerated by *Chevron Oil*, the Court examined the equities of the case and decided whether the retroactive application of its judgment would result in "substantial inequitable results." *Chevron Oil*, 404 U.S. at 108. In *American Trucking*, the Supreme Court noted that retroactive application of its judgment would severely burden the State's operations as well as possibly deplete the state treasury and entail significant administrative costs. *Id.* at 182-83. In contrast, the Court in *Ryder v. United States*, 515 U.S. 177 (1995), noted that the facts in the case before it did not constitute "the sort of grave disruption or inequity involved in awarding retrospective relief" because any judgment would affect only approximately ten pending cases on review. *Id.* at 185.

In the present case, the record is replete with facts illustrating the inequities of applying any decision of infringement retrospectively. The publishers have asserted retroactive liability will affect many third parties across the nation. The publishers also assert any judgment providing liability for past infringement will require widespread deletion of articles from databases and the destruction of thousands of CD-ROMs. Defendants' Petition For a Writ of Certiorari, pp. 12-13. Retroactive liability may further require locating and negotiating with thousands of individual authors, their transferees, or heirs. Defendants' Reply, p. 3. Any suggestion that previous infringement may be contracted around ignores the impossibility of locating and negotiating with untold numbers of authors. *Id.*

Retroactive liability could also disrupt entire industries that have been built over the past several decades on the expectation that § 201(c) allowed publishers to reproduce entire collected works in electronic database repositories such

as NEXIS. *Id.* Indeed, retroactive liability would likely upset settled expectations of most parties to transfers of works for use in collected works. In today's Internet age, it is possible that most, if not all, contributors to collective works understand that the collective work may be available on the Internet or searchable via a database such as NEXIS.

Not only would retrospective liability potentially require deletion of thousands of articles from presently available databases and the destruction of thousands of CD-ROMs, it would also affect historians and libraries that depend upon the completeness of such depositories. Defendants' Reply, pp. 1-2. Although the authors assert that they do not wish to have wholesale destruction of data and have established a publication rights clearinghouse, see Plaintiffs' Brief in Opposition, p. 15 n.6, the fact is that retroactive application of any judgment would strap publishers with significant liability for a previously accepted practice and could require the destruction of large amounts of data.

Therefore, as the Supreme Court noted in *American Trucking*, any retroactive application of the court's judgment would impose great inequities upon the publishers, creating significant financial and administrative burdens. This third factor clearly supports the prospective application of the Court's judgment.

Because all three factors enumerated in *Chevron Oil* support the prospective application of any finding by the court of copyright infringement, the Court should apply its judgment only prospectively.

Further, because of the vast impact even prospective relief would have upon parties, as well as third parties, such relief should be limited to compensation, not the grant of an injunction.

CONCLUSION

Based on the foregoing analysis, the AIPLA is of the position that the mere conversion of a collective work from one medium to another is a reproduction that falls within the rights of a publisher under section 201(c) of the Copyright Act. However, it is also the position of the AIPLA that when each individual contribution is stripped from the collective work, such a conversion is not a permitted "revision."

Finally, because this position may significantly alter industry practice, it is the belief of the AIPLA that any requested relief should be granted prospectively only and limited to compensation, not injunctive relief.

Respectfully submitted,

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